

FIXED LEASE HOTEL TRANSACTIONS

UK | Capital Markets | Specialist Property Investment

Q2 2015

A collection of fixed lease hotel transactions which the SPI team has been involved with during the last 21 months:

Compass Travelodge Portfolio – 7 hotels UK wide

Under Offer April 2015



Tenure	Long Leasehold
No of Beds	304
Tenant	Travelodge Hotels Ltd
Unexpired Terms	23 years
Rent	£1,135,794 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	M&G
Purchaser	Private Investor (debt funded)
Sale Price	In excess of £14.5m

Travelodge Doncaster Lakeside, Lakeside Boulevard

Under Offer April 2015



Tenure	Long Leasehold
No of Beds	67
Tenants	Travelodge Hotels Ltd
Unexpired Terms	23 years
Rent	£331,410 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	Kier Property Ltd
Purchaser	Council Pension Fund
Purchase Price	Confidential

Travelodge London Hounslow, Lampton Road

Sold March 2015



Tenure	Freehold
No of Beds	128
Tenants	Travelodge Hotels Ltd
Unexpired Terms	33 years
Rent	£590,181 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	Private Overseas Investor
Purchaser	CBRE Global Investors
Sale Price	£11,869,000
Net Initial Yield	4.70%

Travelodge Scarborough Central & Travelodge Perth Central

Sold December 2014



Tenure	Scarborough – Freehold, Perth – Long Leasehold
No of Beds	181
Tenant	Travelodge Hotels Ltd
Unexpired Terms	32 years & 23 years respectively
Rent	£896,339.50 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	M&G
Purchaser	Private & Confidential
Sale Price	c£10m

Travelodge Edinburgh Haymarket, Eglinton Crescent

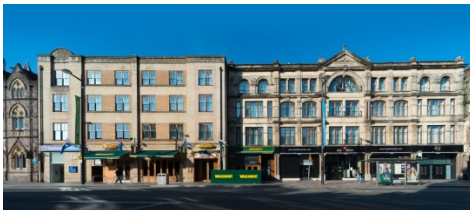
Sold December 2014



Tenure	Freehold
No of Beds	73
Tenant	Travelodge Hotels Ltd
Unexpired Term	33.5 years
Rent	£409,273 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	Standard Life Investments
Purchaser	Overseas Investor
Sale Price	£6,475,000
Net Initial Yield	5.97%

Imperial Gate (Travelodge Cardiff Central), St Mary Street, Cardiff

Sold November 2014



Tenure	Freehold
Accommodation	100 bedroom hotel & 50,864 sq ft of A3 accommodation
Tenants	Travelodge Hotels Ltd (30%), Intertain (Bars) Ltd (35%) & Alderway Leisure Ltd (35%)
WAULT	22.5 years
Rent	£945,082 pa
Rent Review	RPI linked rent reviews on 69% of income
Vendor	LaSalle IM
Purchaser	L&G
Sale Price	£12,000,000
Net Initial Yield	7.44%

Bermondsey Square Hotel, Bermondsey Street, London

Sold November 2014



Tenure	Freehold
No of Beds	80
Tenant	Bespoke Square Hotel Ltd
Unexpired Term	24.5 years
Rent	£955,060 pa
Rent Review	Annual RPI linked rent reviews (1% collar / 4% cap)
Vendor	Igloo
Purchaser	Bespoke Hotels in joint venture
Sale Price	£20,800,000
Net Initial Yield	4.34%

Travelodge Sheffield Central, Broad Street West

Sold August 2014



Tenure	Freehold
No of Beds	114
Tenant	Travelodge Hotels Ltd
Unexpired Term	18 years
Rent	£296,821.80 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	LPA Receivers
Purchaser	Local Council Pension Fund
Sale Price	£4,200,000
Net Initial Yield	6.65%

Travelodge Edinburgh Learmonth, Learmonth Terrace

Sold March 2014



Tenure	Freehold
No of Beds	64
Tenant	Travelodge Hotel Ltd
Unexpired Term	33.5 years
Rent	£546,258 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	M&G
Purchaser	Local Council Pension Fund
Sale Price	£7,650,000
Net Initial Yield	6.75%

Premier Inn London Gatwick Manor Royal, Fleming Way

Acquired February 2014



Tenure	Freehold
No of Beds	204
Tenant	Premier Inn Hotels Ltd
Unexpired Term	31 years
Rent	£1,313,387 pa
Rent Review	Annual CPI linked reviews (2% collar / 6% cap)
Vendor	Aprirose
Purchaser	BlackRock
Purchase Price	£26,500,000
Net Initial Yield	4.68%

Premier Inn London Waterloo, York Road

Acquired December 2013



Tenure	Freehold
No of Beds	234
Tenant	Whitbread Plc
Unexpired Term	19.5 years
Rent	£2,211,300 pa
Rent Review	2.5% fixed rent reviews upwards only every 5 years
Vendor	York Road LLP
Purchaser	Royal London Asset Management
Purchase Price	£48,000,000
Net Initial Yield	4.35%

Travelodge London Docklands, Coriander Avenue

Acquired June 2013



Tenure	Freehold
No of Beds	232
Tenant	TLLC Bridgeco4 Limited
Unexpired Term	185 years with 5 yearly RPI uplifts sublet to Travelodge for 35 years at £2,264,128 pa
Rent	£133,523.88 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	Local Council
Purchaser	Apriose
Purchase Price	£2,910,000
Net Initial Yield	4.30%

Travelodge London Central Farringdon, Kings Cross Road

Acquired March 2013



Tenure	Freehold
No of Beds	219
Tenant	Travelodge Hotels Ltd
Unexpired Term	26 years with the option to extend
Rent	£2,773,081 pa
Rent Review	Uncapped RPI linked rent reviews every 5 years
Vendor	Private Danish Investor
Purchaser	CBRE Global Investors
Purchase Price	£25,200,000
Net Initial Yield	5.35% going to 6.05% in 2014

Fixed Lease Hotel Investment Market - Travelodge

There is a huge volume of equity currently looking for commercial investment property in the UK coming from a range of UK institutions, property companies and private investors (both UK and overseas). A large number of these buyers are in search of long, secure income streams and Travelodge investments are receiving a strong level of interest which has driven pricing back close to the levels seen at the peak of the market in 2007. Many investors are taking the opportunity to crystallise substantial profits.

Investor sentiment towards Travelodge properties in particular has strengthened significantly over the last six months and in 2014 more than 30 Travelodge hotels were traded in the UK. There is no doubt that the Travelodge covenant has been through a process of transition in terms of investor sentiment and we are now at a time when investors are again able to understand the business, its objectives and the improvements across the portfolio.

Specialist Property Investment Team

The Knight Frank Specialist Property Investment team has an extensive experience in advising a range of clients on their hotel investment ownerships or requirements. We have an excellent track record in both acquisitions and disposals of fixed lease hotels providing bespoke tailored advice for each client requirement, be that off market strategic approaches or on market sales campaigns leveraging Knight Frank's global brand and international network.



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